



THE NORTHWESTERN UNIVERSITY

Reviewing Stand

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The Korean Crisis and the Home Front

A radio discussion over WGN and the Mutual Broadcasting System

CATHARINE BAUER

Public Relations Director, National Association of Retail Grocers

DANIEL D. CARMELL

Attorney, Chicago and Illinois Federations of Labor

ROLAND I. ROBINSON

Professor of Banking, Northwestern University

Moderator: JAMES H. MCBURNEY

Dean, The School of Speech, Northwestern University

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The Korean Crisis and

The Home Front

MR. MCBURNEY: Our guests today are Miss Kay Bauer, Mr. Daniel D. Carmell and Mr. Roland I. Robinson.

Now tell me, Miss Bauer and gentlemen, your impressions of the Korean situation in relation to the home front. Mr. Robinson?

MR. ROBINSON: It is my belief that for the purpose of planning on the home front, we must take a very pessimistic attitude and we have to assume that it is going to be a long war and that it is going to use a lot of resources. We must be pessimistic about it. The penalty if we underestimate is going to be defeat, and any overestimating is something we can stand.

MISS BAUER: We must be prepared for any emergency and ready to cope with it when it happens. We cannot wait for the emergency and then try to meet it.

MR. CARMELL: That is correct.

Warm or Hot War?

MR. MCBURNEY: Do you think we should regard this Korean situation as a long, warm war for the next decade, or the forerunner of an immediate hot war?

MR. CARMELL: Our government regards it as a more than temporary incident. Our government has been readying itself for a good, hard fight.

MR. ROBINSON: Our government would be irresponsible if it did not do that.

MR. MCBURNEY: Do we face any shortages at this time?

MISS BAUER: Not in food. Secretary

Brannon has concerned himself with the immediate disposal of perishable commodities which the government is holding. They have 192 million pounds of butter at the present time. They have offered that butter to European governments at a price of 15 cents a pound just to unload it. We have the same situation in similar and other commodities. We have 325 million bushels of wheat; 315 million bushels of corn; 107 million pounds of dried eggs—or, if you are interested, that is the equivalent of 321 million dozen eggs.

MR. MCBURNEY: That is a lot of eggs.

Meat Supply

MISS BAUER: Quite a few. We cannot expect, in the immediate future, any shortages of food. If I may, I will tell some of the predictions in our food supply. We have the largest peace-time pork crop in our history coming up shortly. In the last quarter of this year, we will have a total amount of meat for civilian consumption of 5 billion 8 hundred million pounds. That is a half billion pounds more than this current quarter, and 200 million pounds more than the same quarter of last year. Right now we have 34 per cent more beef in the corn belt feed lots than we had one year ago.

MR. ROBINSON: Miss Bauer, I am always impressed by all figures expressed in billions and millions, but back as late as 1930 we were told of the vast surpluses of food in the country, we were assured that we would have all we needed, and in the throes of war it was something else

again. War does consume a lot of things.

MISS BAUER: That is quite true. I agree with you on that. I am looking at it from an immediate standpoint.

MR. CARMELL: We are talking about the adequate amount of food available. It is not available to the average working person. It is not available to him because of price. The average wage-earner cannot have butter on the table because of the price, so he turns to oleo, and he makes other substitutes. There is plenty of food, but the average man cannot use it.

MR. MCBURNEY: Apparently we have enormous surpluses of food, and you mentioned butter, and you said something about selling it abroad at 15 cents a pound. Why do we do that?

MR. CARMELL: Under the law, when the government purchased these supplies from the farmers, the Congressional act prohibited the commodity from being sold at anything less than 5 cents above the market price. If that were not done, the object of the entire act would be destroyed.

MR. ROBINSON: I realize we are not debating agricultural policies, but the question in my mind is, is that a wise law.

MR. CARMELL: The object was not to buy it from the farmer and then put it in competition with him. Such action would have destroyed the act.

MR. MCBURNEY: Do you have anything to say, Miss Bauer, on the comment that we have plenty of food supplies of all kinds, but they are not available to us at a price we can afford?

Surpluses

MISS BAUER: In that connection, these food supplies have been offered to American relief agencies for free distribution, and they have been refused. The large supplies of food that have been offered in our stores are being

purchased. Some one is buying them. They are being consumed.

MR. CARMELL: The relief agencies have refused the gift of the food supplies because of the prohibitive cost of transporting it such long distances. It would have eaten up all of the agencies' funds simply to transport this food over the country and over the world.

MR. ROBINSON: This issue of agricultural policies and prices is important. I do think it contributes to our current problem. Nevertheless, the problem we are concerned with is the effect on the war situation and the truth of the matter is, we have surpluses and only because of the fact that the prices have been held up higher than will clear the market. Whether that is wise or not is an issue that we have no time for today.

MR. MCBURNEY: I think it is clear that no one will go hungry.

MR. ROBINSON: The productivity of our soil and the diligence and production of our farmers assures us of that.

MR. MCBURNEY: What about the situation in the field of refrigerators, radios, television and automobiles? Are we short on those products, or will we be short?

Radios and Automobiles

MR. ROBINSON: Right at the moment there is some pressure on those goods. However, that will change in a few weeks. You cannot, at the moment, get delivery of a new car, or the model of television that you might want. There is a shortage in the immediate sense, but not a basic shortage. They will be able to give us all we want and still leave a margin of production for fighting a war.

MR. MCBURNEY: I should think there would be a cut in metals for some civilian goods. What do you think of that, Mr. Carmell?

MR. CARMELL: Not only that, but I

think the controls will come this month, and the first controls will be on metals. That will take out of the consumer's market metals to be used for such products as television and automobiles and other things.

MR. MCBURNEY: Do you think that will be extended to apply to other raw materials such as rubber and gasoline?

MR. CARMELL: No I don't. As far as rubber is concerned, we are far better off than in the last war. In the last war we had to go ahead and build synthetic rubber plants. Now we have them and we are reactivating them. Then, too, we are purchasing the source of the raw rubber right from the jungles.

MR. ROBINSON: In gasoline, the fellows that build the war machinery build that machinery which uses it at a prodigious rate. I think that we might have a fairly real shortage in gasoline, at least the gasoline for civilian consumption.

Gasoline Supply

MR. CARMELL: In how long a time?

MR. ROBINSON: That is a forecast which is dependent on how the war develops and how long it continues. When we look at it now, it is too hazy a picture for me to make such a forecast.

MR. CARMELL: Actually, that is the high octane gasoline you have in mind.

MR. ROBINSON: It all comes from the same wells. It taps the same basic resources. The only difference is the processing of it in the refinery.

MR. MCBURNEY: Mr. Carmell has the opinion that we are facing a shortage in metals.

MR. ROBINSON: I hope that he is wrong.

MR. MCBURNEY: Apart from that one item, you are quite sanguine about the home front. How do you account for the price increases?

MISS BAUER: It is difficult to trace those prices down. A great many of them apply back to the grower. A lot of manufacturers had the peach supplies for their current pack more than doubled, and right in the middle of their fruit cocktail production they doubled the price of pears. Those price increases must be passed on down to the retailer and ultimately to the consumer. As far as meat is concerned, we are having a seasonal increase in price, and we have that every year. By the end of September we will find ample meat at a considerably lower price.

MR. CARMELL: Scare buying has passed its peak, Miss Bauer, yet the department stores reported for the last half of July an increase of fifty per cent above the same period last year. A thing like that cannot go on very long, because the stocks will exhaust themselves. The hoarders have bought all they want, and with the rest it is a matter of not having the money.

MR. ROBINSON: That is not even good economics.

MR. CARMELL: It is insofar as the man earns but so much, and he can afford spending only a percentage on food and speculation.

MR. ROBINSON: Somebody has the money, and the goods can be bought if someone has the will and disposition to do it. They will not buy if they are convinced that they would rather have the money than the food. It is a matter of disposition, not finances.

'Hoarding Is Speculation'

MR. MCBURNEY: What about speculation?

MR. ROBINSON: To get right down to it, hoarding is speculation. It is speculative buying. They are speculating in the future higher prices. We have it at all levels. There are people who go out and order a new car when they do not need it. It is something we have had.

MR. MCBURNEY: Do you think that these hoarders and hoarders of food and other supplies at present prices are likely to be left holding the bag?

MISS BAUER: I think they will be. The hoarding of food has dropped off to almost nothing. Most of them found out that there was always more put on the shelves. Our Association and the President have both said that we have plenty and ample supplies of sugar. In fact, we are shipping it to Austria at the present time. They found that there was plenty of coffee, and we have been shipping coffee to Greece on a three-month basis. I think that must be considered as a mild flurry.

MR. CARMELL: Shortages which are produced by speculative buying and hoarding are the things that threaten the working-man's standard of living. So, that does threaten his method of livelihood.

Effect on Prices

MR. ROBINSON: That is a point of consequence. It has left a damaging result which is not past. In other words, prices have moved up and have not receded backward. Coffee is just such a case. I am paying more for my coffee right now.

MISS BAUER: But not more than you paid a few months ago.

MR. ROBINSON: Well, I don't have my little book here to prove it right now.

MR. MCBURNEY: How is labor reacting to these price increases?

MR. CARMELL: They are reacting first to say that they are unnecessary and something has to be done to bring them down. That is one of the reasons we are advocating the excess profits tax, to siphon off part of the funds and make it unprofitable for them to go into speculative buying.

MR. MCBURNEY: What about price controls and rationing?

MR. CARMELL: We do not think it is

necessary at this time, but we think that power should be given to the President so that he can use that power when it is necessary to do so.

MISS BAUER: We would like, right there, to say that we do not want it to be at the discretion of any one person as to when such controls should go on. We should take a lesson from the last war and really start now and invite in every element of industry and do a thorough, complete and equitable job so control will really work. There were many instances in the last war when it really did not work, and now is the time to make provisions against that emergency.

MR. MCBURNEY: For example?

Black Market

MISS BAUER: In the last war a black market in meat existed. There was an obligation to adhere to price levels, and they were very loose ones at that. They were called "over-riding ceilings" on meat. It was on the buyer and not on the grower, and as a consequence when these legitimate packers would go into the stock yards to buy, they would find the black marketeers were buying at such prices that they were completely out of the picture. They could not pay the prices being asked for the meat. That meant that live cattle, literally by the train load, when bought, went out to the black markets in the East. Here in Chicago an ex-Capone mobster went into business and made a killing—literally and figuratively—and that sort of thing must be prevented in future planning. If there is meat available, the consumer should have it. There was a point reached where packing houses were operating at five per cent or less than their usual capacity. Some price reporters for the Bureau of Labor Statistics were unable to get their reports in order because the places they had relied on for their information did not have enough meat to make up a report.

MR. ROBINSON: I am in agreement

with you. All you are saying is that you want them to be well administered controls and we will agree on that. We want them better than before. But in this world of human beings and imperfect institutions, I think they did a good job before, and while there were things wrong with it, if any man thinks he could have done better, let him stand.

MISS BAUER: There was an amusing thing—and this is a little off the side—There was a Brooklyn man on the OPA who had a good deal to do with meat activity, and a sheep rancher from Idaho came to him for supplies that were needed during the lambing season, and the OPA man said, "Can't we do something, can't we postpone this lambing season this year?" [Laughter]

Mild Controls?

MR. MCBURNEY: Is it possible to move into a set of mild controls, Mr. Robinson, without going all out?

MR. ROBINSON: Mild controls by their very nature do not work. It is a problem in which we have to choose the time that we do it. I think that it is a very difficult and complex choice. When we do go into it, it is something that must be determined by the way affairs develop. The one form of mild control that I would favor is a much stronger fiscal control. We are operating at a deficit during a period of high prosperity, and it will be even more wrong during a period of war.

MR. CARMELL: I think there is no such thing as mild controls and I do not think that they would ever work. You are not going to have a mild control any more than you are going to have a mild millionaire. If he is a millionaire, he is a millionaire, and that is all there is to it. The President must have the power. Consultation is necessary, of course, but with living costs rising at the rate of one per cent a month and the price of food going up nine per cent since

June 25th and five per cent since January 1st, the very fact that controls are ready to be imposed may keep the price down.

MR. ROBINSON: One of the great problems is just that fact. I believe if we follow Miss Bauer's advice it would scare everybody so that the net benefits would be lost before the controls are invoked.

MR. MCBURNEY: Earlier, Mr. Robinson said something about moving into the realm of fiscal controls. What did you mean by that?

MR. ROBINSON: Taxation stands at the head of the list, but reducing the level of government spending for non-war purposes is important. Other fiscal measures to be considered are the control of consumer credit and the curtailment of expenditures for public housing. I think the current move to make housing less available is good, but it should be made tougher.

Housing

MR. CARMELL: I agree to that, but housing is a very important thing to a worker, and his family, and it is well known that good housing is badly needed. It has to be done by private interests or by the government in large projects. We prefer the private individual rather than government money.

MR. ROBINSON: We should have better housing, but is it something we can afford to have in a war? Can we have social recovery at the same time? Or, is it a luxury we cannot afford?

MR. CARMELL: I do not think it is a luxury. You have to have a home. You have to have it to be healthy, and unless you do that, you will do a short-sighted job.

MR. MCBURNEY: Mr. Robinson is imposing a rigorous plan here; higher taxes and restricted credit which will make it more difficult to get housing. Do you go along with him on that?

MISS BAUER: I think taxation is the

only way to correct all this, and I hate to say it. I think that housing control and the other measures mentioned are only palliatives. The main thing is there is too much money and the best way to put that money in the proper place and channels is by taxation. I do not like it any more than anyone else.

MR. ROBINSON: I do not like the idea of an excess profits tax. Especially do I not like it in an election year. Corporation tax then becomes the homing ground for every issue and tax proposal. I think it would be particularly unfortunate at the moment. I am against excess profits, but the problem being considered presently shows an extraordinarily dim-sighted and foolish view of the fiscal process.

MR. CARMELL: I think the excess profits tax is an essential thing in the event of war, and the government can then regulate the amount of earnings up and down that these corporations might have. Incidentally, is someone going to ask me about wage increases?

MR. MCBURNEY: I was just ready to.

MR. CARMELL: We, in labor, feel that within the present framework of the existing prices and production margins that it should proceed without facing any upward trend in prices. Any increase in wages can be absorbed without any additional increase in prices. If wages are not going to increase, the prices of goods then should not increase because there is no need of it. The figures show a gain of 42 per cent in profits above a year ago.

MR. ROBINSON: Mr. Carmell, I think you have set up a very nice situation in which the corporations have no incentive to resist wage increases, and you have started a spiral that would create more damage than an enemy action.

MR. CARMELL: I think that until such time as we catch up with the cost of living, we are entitled to any wages that we can earn.

MR. MCBURNEY: I conclude, then, that the situation in civilian supplies is not too acute, and that you would not move into controls and rationing at the present time, but you would move into the realm of fiscal controls.

Thank you very much.



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Compiled by Barbara Wynn,
Assistant, Reference Department,
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Fortune 42:53-60, Ag., '50. "America's Commitment."

Tells what America will need to win the war in Korea, and notes that our present economic prosperity will be a powerful weapon.

Life 29:31, Jl. 31, '50. "Five Fecund Years."

Points out that the record of 1945-50 should give courage for the future.

Life 29:41, Ag. 7, '50. "The Old Hoarder Changeth Not."

Describes the hoarder in action and what's being done to stop him.

Nation 171:73-4, Jl. 22, '50. "Caught Short on Korea." JAMES M. MINIFIE.

Maintains that America's success in Korea must rest upon superior military and economic strength, and upon superior propaganda.

Nation 171:100-101, Jl. 29, '50. "Washington Counts Costs." WILLARD SHELTON.

A summary and a prediction.

Nation 171:120-122, Ag. 5, '50. "Who Will Run Mobilization?" WILLARD SHELTON.

Predicts that we will probably move more quickly and skillfully to meet "an international menace" than we did ten years ago.

New Republic 123:5, Ag. 7, '50. "Korea: Two Kinds of Defeatism."

A description of the dangers of "defeatism" and "exasperation."

New Republic 123:5-6, Jl. 24, '50. "Mobilization Now Is the Price."

Calls for a fifteen billion dollar program, including additional military expenditures, increased foreign economic aid, and an expanded domestic economy.

New Republic 123:5-6, Jl. 31, '50. "Profiteers: the Real Fifth Column."

Describes the sharp price rise accompanying the Korean crisis, and recommends a ten per cent increase in individual taxes to stop the present buying spree.

New Republic 123:5-6, Jl. 10, '50. "To Put Our Own House in Order."

Urges a fight against the "business-as-usual, guns-and-butter psychology."

New Republic 123:13-14, Jl. 24, '50. "Washington Is Too Vulnerable." RAY M. STROUPE.

Describes the growing movement for decentralization, and the various suggestions which have been made with regard to it.

New York Times Magazine p. 8+, Jl. 30, '50. "These Are Days for Poetry, Not Statistics." BARBARA WARD.

Maintains that in order to win, our vision must match our economics. We cannot conquer the Soviet ideology with a "balance sheet."

New York Times Magazine p. 8+, Jl. 2, '50. "Thomas Jefferson Still Survives." DUMAS MALONE.

A well-known historian speculates on how Jefferson would react to the present crisis.

New York Times Magazine p. 5+, Jl. 2, '50. "We Should Walk Without Fear." RAYMOND B. FOSDICK.

Describing the prevailing mood of hysteria in the U. S., maintains that we must not let our fears betray our heritage of freedom.

Saturday Review of Literature 33:6-7+, Jl. 29, '50. "National Security and the Scientist." HENRY D. SMYTH.

By a commissioner of the U. S. Atomic Energy Commission.

United States News 29:60-63, Ag. 4, '50. "All-Out War Effort Now—the Baruch Plan."

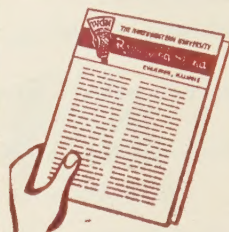
Full text of Bernard Baruch's plea for immediate wage and price controls, rationing, and taxes to cover the total costs of defense.

United States News 29:13-17, Ag. 4, '50. "Cut in Civilian Goods: How Big?"

Declares that no real home-front hardships are in sight.

United States News 29:59-63, Jl. 28, '50. "Warning to Aggressors."

"President Truman's message to Congress on what the United States plans to pay in men and money for defense of the world's peace."



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